



October 14, 1981

This is in response to your telephone call to Mr. Gordon Adelman regarding the request of one of your appraisers for an assessment appeals board decision, which would establish the current fair market value of his property. It is my understanding that the property has not changed ownership nor has new construction occurred since 1975. It is my further understanding that this particular individual relies on Property Tax rule 324 as the basis for the value increase he seeks.

Rule 324 generally required an assessment appeals board to make a determination of full cash value. This rule was adopted by the Board of Equalization in 1967 and was last amended in December 1975, effective January 25, 1976. Since the date of the last amendment to the rule, Article XIII A of the California Constitution was adopted by the people. Effective July 1, 1978, Section 2 (a) of Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." In other words, for purposes of annually ascertaining the value of real property, this new constitutional definition of "full cash value" supersedes the prior mandate of Article XIII, Section 1 which required all property to be assessed at current full cash value. Rather Section 110.1 of the Revenue and Taxation Code, enacted to implement the provisions of Article XIII A is controlling. Section 110 is applicable only to the extent that Article XIII A requires a finding of the 1975 full cash value of real property or the fair market value when there is either a change in ownership or new construction of such property.

In conclusion, insofar as Rule 324 requires an assessment appeals board to determine "full cash value," such a board must be bound by the definition in Article XIII A, Section 2(a). This essentially means that unless there has been a change in ownership or new construction since March 1, 1975, the full cash value of real property is that value as defined in Revenue and Taxation Code section 110, as of March 1, 1975, which is then adjusted annually by an inflation factor. This is the definition provided in Section 110.1. To the extent that Rule 324 is in any way ambiguous on this point, it should be interpreted to conform with the later enacted constitutional mandate.

If we may be of further assistance in this matter, please do not hesitate to contact this office.

Very truly yours,

(Original signed by)

Margaret S. Shedd
Tax Counsel

MSS:jlh